

No. 21,194  
United States Court of Appeals  
For the Ninth Circuit

---

CARL S. ZILK and FLOMATIC SALES CORPORATION, an Oregon corporation,

*Appellants,*

vs.

DEATON FOUNTAIN SERVICE, a partnership  
comprised of William F. Deaton and  
C. J. DeCEASARE,

*Appellee.*

APPELLANTS' REPLY BRIEF

---

CARL HOPPE,

JAMES F. MITCHELL,

2610 Russ Building,

San Francisco, California 94104,

*Attorneys for Appellants.*

FILED

FEB 24 1967

WM. B. LUCK, CLERK

1967



## Subject Index

---

	Page
Reply argument .....	1
Substantial record evidence does support the jury finding of nonobviousness .....	5
Nonobviousness—in its entirety—is an ultimate fact to be determined by the jury .....	8
The “general level of innovation necessary to sustain patentability” is the condition of nonobviousness codi- fied in Section 103 .....	13
The asserted error regarding new trial .....	14

---

## Table of Authorities Cited

---

Cases	Pages
A. & P. Tea Co. v. Supermarket Corp. (1950) 340 U. S. 147.	2, 13
Bailey v. Central Vermont Ry. (1943) 319 U. S. 350.....	5
Beacon Theatres v. Westover (1959) 359 U.S. 500.....	4
Bentley v. Sunset House Distributing Corp. (9 Cir. 1966) 359 F. 2d 140 .....	2, 11, 12, 14
Berkeley Pump Co. v. Jacuzzi Bros. (9 Cir. 1954) 214 F. 2d 785 .....	2
Cohens v. Virginia (1821) 6 Wheat. (19 U. S.) 264, 399 ....	3
Dairy Queen v. Wood (1962) 369 U. S. 469 .....	4
Graham v. John Deere Co. (1966) 383 U. S. 1 .....1, 3, 8, 9, 10, 13	
Griffith Rubber Mills v. Hoffar (9 Cir. 1963) 313 F. 2d 1 ..	2
Hansen v. Safeway Stores (9 Cir. 1956) 238 F. 2d 336 ....2, 4, 13	
Harp v. Montgomery Ward & Co. (9 Cir. 1964) 336 F. 2d 255 .....	16

The trial court concluded and appellee here argues that the judgment n.o.v. was proper because (a) the ultimate fact of nonobviousness found by the jury could be re-examined by the trial court as “a matter of law” (B. 6-9) and (b) the trial court could hold combination patent claims invalid, regardless of jury findings of nonobviousness, if it believes the combination does not meet a “standard of invention” set forth in *A. & P. Tea Co. v. Supermarket Corp.* (1950) 340 U.S. 147 which is in addition to the condition of nonobviousness prescribed in Section 103 (B. 34).

Appellee bases both arguments on several decisions<sup>2</sup> of this Court which preceded *Graham* and two which followed it.<sup>3</sup> The decisions which appellee cites seemingly conflict with other decisions of this Court such as *Moist Cold Refrigerator Co. v. Lou Johnson Co.* (9 Cir. 1957) 249 F. 2d 246 and *Hansen v. Safeway Stores* (9 Cir. 1956) 238 F. 2d 336 (cited by appellants O.B. 15, 30-31). *Moist Cold* and *Hansen* preserve the fundamental guaranty of the Seventh Amendment and leave to the jury its fact finding function on the present issue where there is substantial evidence to support jury findings. *Oxnard Cannery v. Bradley* (9 Cir. 1952) 194 F. 2d 655, at pages 656-657, is to the same effect. But language in the series of cases, upon which appellee relies, appears to approve a reexamination of

---

<sup>2</sup>*Stallman v. Casey Bearing Company* (9th Cir. 1957) 244 F. 2d 905; *Griffith Rubber Mills v. Hoffar* (9th Cir. 1963) 313 F. 2d 1; *Berkeley Pump Co. v. Jacuzzi Bros.* (9th Cir. 1954) 214 F. 2d 785; and *Himes v. Chadwick* (9th Cir. 1952) 199 F. 2d 100.

<sup>3</sup>*Bentley v. Sunset House Distributing Corp.* (9th Cir. 1966) 359 F. 2d 140; and *Santa Anita Mfg. Corp. v. Lugash* (9th Cir. 1966) ..... F. 2d ....., 152 U.S.P.Q. 44.

the very same fact issue by the court as “a matter of law” regardless of earlier jury findings or the substantiality of the supporting evidence. The latter may merely be “rhetorical embellishment” [*Graham v. John Deere* (1966) 383 U.S. 1, footnote 7, page 15] and the apparent conflict more seeming than real. However, since the general expressions in many of the cases seem to support arguments such as those which Deaton makes here, we urge that such general expressions should be treated with the respectful restraint noted by Chief Justice Marshall when he spoke for the Court in *Cohens v. Virginia* (1821) 6 Wheat. (19 U.S.) 264, 399:

“\* \* \* It is a maxim, not to be disregarded, that general expressions, in every opinion, are to be taken in connection with the case in which those expressions are used. If they go beyond the case, they may be respected, but ought not to control the judgment in a subsequent suit when the very point is presented for decision. The reason of this maxim is obvious. The question actually before the court is investigated with care and considered in its full extent. Other principles which may serve to illustrate it, are considered in their relation to the case decided, but their possible bearing on all other cases is seldom completely investigated. \* \* \*”

If this were not so, then the universal treatment of non-obviousness as a question of law for which Deaton argues on this appeal, although seemingly supported by general expressions in some of the cases, would, when tested in the light of the present record, conflict with the fundamental guaranty of the Seventh Amendment as the issue of non-obviousness has now been framed by the Supreme

Court in *Graham* and as the issue of invention in jury trials had been framed by the same court in its earlier decisions.

Denial of the right of trial by jury may be an "age-old proposition" (B. 6) but that is no reason for curtailing the constitutional guaranty in a patent claim for damages or in any other litigation. Mr. Justice Black observed in *Beacon Theatres v. Westover* (1959) 359 U.S. 500, 501:

"\* \* \* 'Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.' *Dimick v. Schiedt*, 293 U.S. 474, 486."

The Supreme Court again recently reaffirmed the importance of the jury as fact-finder in damage claims in *Dairy Queen v. Wood* (1962) 369 U.S. 469 and *Shubin v. U. S. District Court* (1962) 369 U.S. 660.

In advocating this cause we are not unaware of the duty of a trial court, recognized in the Seventh Amendment itself, to remove even a fact issue from jury determination, if the evidence is such that reasonable men could not differ in resolving it. That, we submit, is the only basis upon which the issue of nonobviousness could have been, but was not, taken from the jury here. That is the proper and only basis for rendering or for review of a judgment n.o.v. as this Court held in *Moist Cold Refrigerator Co. v. Lou Johnson Co.* (9 Cir. 1957) 249 F. 2d 246 and *Hansen v. Safeway Stores* (9 Cir. 1956) 238 F. 2d 336 (cited O.B. 15, 30-31).



As we pointed out (O.B. 28), there are two types of jury fact issues. One is resolution of controverted evidence which appellee recognizes (B. 8-9). Another is resolution of fact issues of debatable quality upon which “fair minded men might reach different conclusions” where the basic facts are not controverted [*Bailey v. Central Vermont Ry.* (1943) 319 U.S. 350, 353]. Negligence, scienter and, we submit, nonobviousness are issues of the second type [*Moist Cold Refrigerator Co. v. Lou Johnson Co.* (9 Cir. 1957) 249 F. 2d 246].

Here record evidence supports the jury finding of non-obviousness and the case history confirms its substance. Reasoning minds did reach different conclusions from the same evidence. Twelve jurors unanimously made specific findings that the Zilk dispenser was not obvious (CT. 185b-185e; Interrogatories 2, 4, 6, 8, 10, 12, 14 and 16) and one trial judge found that it was (CT. 260-65). With this record how can anyone now argue that reasonable men could not differ on the factual issue in controversy?

**Substantial record evidence does support  
the jury finding of nonobviousness**

Appellants’ opening brief classifies four types of record evidence from each of which the jury could, we submit, as it did, conclude that the patented dispenser construction was not obvious (O.B. 26-31).

Appellee’s own discussion of the Magic Wand and Speedbar devices (B. 12-17) and fourteen other prior art dispensers, some well known for over thirty years, and including the full range from gas torches to dishwashers (B. 18-32), confirms the nonobviousness of the patented

dispenser. The jury found that not one of all these devices used the combination of elements recited in the Zilk patent claims (CT. 185b-185e, Interrogatories 1, 3, 5, 7, 9, 11, 13 and 15). Neither the trial court nor appellee questioned this finding of fact.

The impact of this volume of prior art is manifold. It certainly shows the state of the prior art and may be evidence of the ordinary skill in this art, as appellee asserts (B. 32). But, far from showing obviousness, the very fact that no one adopted and used the Zilk combination, even though all the component parts were known for years, is positive proof that the Zilk combination was not obvious. The Supreme Court in *Loom Co. v. Higgins* (1881) 105 U.S. 580, 591 (cited O.B. 29) so held as follows:

“It is further argued, however, that, supposing the devices to be sufficiently described, they do not show any invention; and that the combination set forth in the fifth claim is a mere aggregation of old devices, already well known; and therefore it is not patentable. This argument would be sound if the combination claimed by Webster was an obvious one for attaining the advantages proposed,—one which would occur to any mechanic skilled in the art. But it is plain from the evidence, and from the very fact that it was not sooner adopted and used, that it did not, for years, occur in this light to even the most skillful persons. It may have been under their very eyes, they may almost be said to have stumbled over it; but they certainly failed to see it, to estimate its value, and to bring it into notice. \* \* \* we cannot yield our assent to the argument, that the combination of the different parts or elements for attaining the object in view was so obvious as to merit no title to invention. Now that it has succeeded, it may seem very plain to any one



that he could have done it as well. This is often the case with inventions of the greatest merit. \* \* \*”

Appellee also argues that “substantially no inference of nonobviousness” can be drawn from the Barmaster foot pedal device because it was a “special purpose installation” (B. 33) and may have been made before the Magic Wand hose (B. 32). Deaton’s candid use of “substantially no” in its criticism virtually admits that reasonable minds could draw “some” inference of nonobviousness from this evidence as appellants have shown (O.B. 26-29). The fact remains that both the foot treadle device and the Magic Wand hose did exist simultaneously and Barmaster, which manufactured both, did not perceive the combination that Zilk later made from the very same elements. If appellee can infer that the foot pedal device shows it was obvious to relocate pushbuttons, certainly the jury could infer from Barmaster’s relocation of them on foot treadles or its failure to relocate them at all on the Magic Wand, that it was not obvious to arrange pushbuttons on the handle as did Zilk for single-grip one-handed dispensing of multiple fluids.

Appellee does not discuss at all the evidence proving a shift of the bar dispenser industry to the Zilk dispenser from a variety of prior art bar dispensers, like the Magic Wand, which were abandoned (O.B. 30, 31). This Court in reversing a judgment n.o.v. held that a jury could infer nonobviousness from this very same type of evidence in *Moist Cold Refrigerator Co. v. Lou Johnson Co.* (9th Cir. 1957) 249 F. 2d 246 at 254 (cited O.B. 30). Appellee’s failure to respond on this point is a tacit admission of the substantiality of those proofs.

We submit that the four classes of evidence which appellants discussed are sufficient to support the jury finding of nonobviousness under proper restraint of the judicial power as was outlined in the *Moist Cold* and *Hansen* cases. Indeed, the sheer volume of prior art offered by appellee—none of which uses the Zilk combination of elements—in and of itself is conclusive evidence of nonobviousness.

Recognizing the substantiality of the evidence in this record to support the jury finding of nonobviousness, the trial court in its decision did, and the appellee here seeks to, convert the ultimate fact issue of nonobviousness into one “of law” and by that means reserve it for determination solely by the court.

**Nonobviousness—in its entirety—is  
an ultimate fact to be determined by  
the jury**

Appellants have shown that nonobviousness in its entirety is an ultimate fact to be determined by the jury (O.B. 15-21). Deaton’s dissection (B. 9) of the issue—a preliminary part for the jury but the critical part for the court—strikes at the very heart of a jury trial on this issue. After conceding that (1) the scope and content of the prior art, (2) what Zilk did to improve upon the prior art, and (3) the level of ordinary skill in the art, are fact determinations for the jury, Deaton argues that the ultimate fact of (4) whether or not the improvement was obvious should be snatched from the jury and decided by the court.

That is not the practical test announced in *Graham v. John Deere Co.* (1966) 383 U.S. 1 (O.B. 15-19). That also

is not the law announced by the Supreme Court in its earlier decisions in jury cases such as *Hotchkiss v. Greenwood* (1851) 11 How. (52 U.S.) 248 and *Keyes v. Grant* (1886) 118 U.S. 25 or in *Thomson Co. v. Ford Motor Co.* (1924) 265 U.S. 445 (cited O.B. 19-21). Deaton does not dispute or even discuss, the clear holding in *Keyes v. Grant* (1886) 118 U.S. 25, 37 that the whole issue of invention (now nonobviousness) is “a question of fact properly to be left for determination to the jury”. We find no decision of the Supreme Court which has overruled or limited the holding in *Keyes*.

The court in *Graham v. John Deere Co.* (1966) 383 U.S. 1, being a non-jury case, did not expressly pass upon the issue. But the opinion likens the issue of nonobviousness to issues of negligence and scienter (383 U.S. 18). Both are determinations in their entirety for consideration by the jury. In a negligence situation the jury determines the conduct of the alleged tort-feasor, determines the standard of conduct of the reasonably prudent man in the same situation and then determines whether the alleged tort-feasor has met or not met that standard. The latter is not withdrawn for the court to determine as “a matter of law”, but the entire issue is decided by jury. Here then, in the similar frame of reference of Section 103, not only are (1) the state of the prior art, (2) the improvement made by the patentee and (3) the level of ordinary skill in the art, facts for determination by the jury, but also, (4) the ultimate fact of obviousness or nonobviousness of that improvement is for jury determination. The Court nowhere in its *Graham* opinion expressly or implicitly stated that the ultimate fact (4) was to be determined any

differently than the underlying facts (1) through (3) (383 U.S. 17). The court nowhere stated or implied that the ultimate fact (4) should be determined “as a matter of law”.

Moreover, appellee’s dissection of the ultimate finding of (4), what would be obvious to those of ordinary skill, from determination of (3), the ordinary skill in the art, is unrealistic and cannot provide the “practical test” envisioned by the Supreme Court in *Graham*. The two are interdependent. What would be obvious in each case depends upon the level of skill—both of necessity must be determined by the same fact finder.

Appellee argues (B. 6) that because the court in *Graham* stated (383 U.S. 17) that “the ultimate question of patent *validity* is one of law (emphasis added)”, the jury verdict somehow is no longer sacrosanct on the issue of nonobviousness.<sup>4</sup> The full text of the statement to which appellee refers is

“While the ultimate question of patent validity is one of law, *A. & P. Tea Co. v. Supermarket Corp.*, supra, at 155, the Section 103 condition, which is but one of three conditions, each of which must be satisfied, lends itself to several basic factual inquiries.

\* \* \*”

---

<sup>4</sup>This statement in *Graham* precedes a citation to the concurring opinion of Justice Douglas in *A. & P. Tea Co. v. Supermarket Corp.* (1950) 340 U.S. 147, 155 where he supported a similar statement concerning *validity* with *Mahn v. Harwood* (1884) 112 U.S. 354, 358. There the court considered not obviousness or invention, but the propriety of reissuing a patent with claims broader than the original. Moreover, neither *A & P* nor *Mahn* was a jury case.



Observe that the Court referred only to validity as “one of law” and to obviousness as “several basic factual inquiries”.

Appellee and the lower court, as well as this Court in *Bentley v. Sunset House Distributing Corp.* (9 Cir. 1966) 359 F. 2d 140, 143 (quoted B. 6-7), ignore that validity is not synonymous with nonobviousness, which is the principal issue here. All seize upon the statement that “the question of patent validity is one of law” to conclude that one facet of the validity issue—nonobviousness—also must be a question of law (B. 6). That conclusion not only is irreconcilable with the nature of the issue as characterized in the *Graham* decision, but also, is contrary to the specific holding in *Keyes v. Grant* (1886) 118 U.S. 25, 37.

The Supreme Court itself in the above *Graham* quotation recognized that the multiple issue of validity includes, among other things, compliance with the conditions of patentability, that is, utility and novelty in Sections 101 and 102 and the Section 103 condition (383 U.S. 17). In addition, of course, the issue of validity involves other formal requirements of the patent statute such as fullness of disclosure and definiteness of claiming found in Section 112. While the trial court may “as a matter of law” ascertain compliance with each statutory requirement for patentability, it does not follow that the trial court in a jury case properly can reexamine each factual issue upon which compliance or non-compliance is based. Not even appellee argues that the court properly can reexamine the nature of the prior art found by the jury or the level of skill in the art, for example (B. 9).



Appellee cites no Supreme Court authority which holds that nonobviousness under Section 103 can be decided "as a matter of law" in a jury case. The decisions of that court are to the contrary (O.B. 19-21).

All of the appellate court decisions which Deaton does cite for this proposition (B. 6-12), except *Bentley v. Sunset House Distributing Corp.* (9 Cir. 1966) 359 F. 2d 140 and *Walker v. General Motors Corporation* (9 Cir. 1966) 362 F. 2d 56, were rendered before the Supreme Court classified nonobviousness with the factual issues of negligence and scienter in its *Graham* decision. It does not appear that in any case the jury had made a specific finding of nonobviousness. Hence, none faced the specific constitutional issue presented here.

In *Walker*, this Court had before it only a decision on summary judgment. There was no jury finding of nonobviousness which presented the constitutional issue. In *Bentley* this Court did approve a judgment n.o.v. which set aside a general verdict for the patentee (B. 6). But in that suit the jury did not make a specific finding of nonobviousness which the trial court set aside, as was done here (Docket No. 19,453; RT. 499). In that suit, too, the trial court did not set aside the general verdict because the court thought it could reexamine a jury finding of nonobviousness as "a matter of law", as was done here. Instead, it held there was "no substantial evidence to uphold any of the counts alleged by Plaintiff" and that the mechanical patent in question was "fully anticipated" by the patentee's own design patent (Docket No. 19,453, CT. 385). Thus, the trial court in *Bentley* had not re-

examined facts specifically found by the jury as “matters of law” or had not applied a test for the requisite “level of innovation” apart from Section 103. *Bentley* did not present the constitutional issue which is manifest on this appeal.

In any event, we submit that, insofar as any of the appellee’s authorities seemingly approve reexamination by the trial court of the ultimate fact of nonobviousness which had been found by the jury, the decision should not be perpetuated here because it conflicts with *Keyes v. Grant* (1886) 118 U.S. 25 and violates the guaranty of the Seventh Amendment as nonobviousness is now framed in *Graham v. John Deere Co.* (1966) 383 U.S. 1. It also cannot be reconciled with such decisions of this Court as *Moist Cold Refrigerator Co. v. Lou Johnson Co.* (9 Cir. 1957) 249 F. 2d 246; *Hansen v. Safeway Stores* (9 Cir. 1956) 238 F. 2d 336 and *Oxnard Cannery v. Bradley* (9 Cir. 1952) 194 F. 2d 655.

**The “general level of innovation necessary to sustain patentability” is the condition of nonobviousness codified in Section 103**

Appellants discussed (O.B. 23-25) the conclusion in *Graham v. John Deere Co.* (1966) 383 U.S. 1, 17 that Section 103 codified the various attempts to define “invention” which were found in earlier case law including *A. & P. Tea Co. v. Supermarket Corp.* (1950) 340 U.S. 147. We submit that there is no test for the “general level of innnovation necessary to sustain patentability” which must be applied in addition to that provided in Section

103. Nonobviousness and the requisite level of innovation are one and the same thing.

The Supreme Court in *Graham* dealt with combination patents. It applied the four step functional test to the patents there in suit which it described (383 U.S. 17). It did not apply some further test of “unusual or surprising consequences” which appellee here argues must be met by a combination patent in addition to nonobviousness under Section 103. The *Graham* opinion clearly held that, henceforward, the courts should adhere to its four step test for nonobviousness rather than apply such inadequate tests for the requisite general level of innovation as “the flash of creative genius” (383 U.S. 15) or “unusual and surprising circumstances” and “the whole in some way exceeds the sum of its parts” of *A. & P.* (383 U.S. 17-18).

We submit that appellee, the trial court, and this Court in *Bentley v. Sunset House Distributing Corp.* (9 Cir. 1966) 359 F. 2d 140 and *Santa Anita Mfg. Co. v. Lugash* (9 Cir. 1966) ..... F. 2d ..... are wrong insofar as they require any test in addition to one for nonobviousness under Section 103. The “severe test” to which this Court referred in those cases is and can only be the test for obviousness set forth by the Supreme Court in its *Graham* decision. And the fact of nonobviousness here had already been found by the jury and should not have been re-examined by the trial court on this basis.

**The asserted error  
regarding new trial**

Appellee urges as error (B. 5) the failure of the trial court to rule on its motion for new trial which was filed

concurrently with the motion for judgment n.o.v. In this, the trial court may not have followed rule 50(c)(1), but it was not an error prejudicial to appellee.

As a basis for new trial Deaton argues that the court failed to instruct the jury on the “*A & P Co. test*” (B. 38). This argument is preposterous. Deaton had requested the court to give *A & P* instructions, 7 and 10 quoted below,<sup>5</sup> and the court had decided to give them. But, then at the last moment just prior to instructing the jury, appellee withdrew those two instructions and they were not given (RT. 342). Deaton is not candid with this Court when it now urges, as basis for new trial, a failure to give instructions which it asked the court *not* to give. Indeed, Deaton is precluded by Rule 51 from even assigning as error the court’s failure to give the withdrawn instructions [F.R.C.P. 51].

We submit that this Court should reverse the judgment n.o.v. for the reasons briefed by appellants. If it does, the jury verdict should be reinstated and no remand made to consider a new trial on such a patently overreaching

---

<sup>5</sup>“7. The conjunction or concert of known elements must contribute something; only when the whole in some way exceeds the sum of its parts as the accumulation of old devices patentable. When two and two have been added together and still they make only four, the sum is not a patentable invention. Authority *Great A and P Tea Company v. Supermarket Equipment Corp.*, 340 US 147.”

“10. A combination of old elements is patentable invention only if the elements take on some new quality or function by being brought into concert and their combined results in unusual or surprising consequences. Authority, *Great Atlantic and Pacific Tea Company v. Supermarket Equipment Corp.*, 340 US 147 (1950). *Farco v. American Air Filter Company, Inc.*, 318 F 2d, 500, 137 US PQ 627 (CA 9).” [RT. 296-7]

basis [*Harp v. Montgomery Ward & Co.* (9 Cir. 1964)  
336 F. 2d 255, 261].

Dated, San Francisco, California,  
February 25, 1967.

Respectfully submitted,

CARL HOPPE,

JAMES F. MITCHELL,

*Attorneys for Appellants.*